

**Communications
Workers of America**
AFL-CIO, CLC

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

February 25, 1998

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

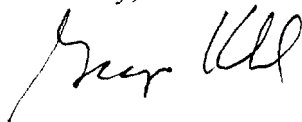
RE: Ex Parte Notice

**CC Docket No. 97-211 (Application of WorldCom and MCI for Transfer of Control of
MCI to WorldCom)**

Dear Ms. Salas:

In accordance with the Commission's rules, CWA comments in CC Docket No. 97-211 were originally filed on January 5, 1998 (as amended January 6, 1998) with the Secretary of the Commission for inclusion in the public record of these proceedings. This morning, I met with Mike Riordan, Mike Nelson, Patrick DeGraba, Robert Pepper and Michael Kende regarding the attached document from the Securities and Exchange Commission and extracts from CWA testimony.

Sincerely,



George Kohl
Senior Executive Director

Attachment

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ENCLOSURE

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 9, 1997

WORLDCOM, INC.
(Exact Name of Registrant as Specified in its Charter)

Georgia	0-11258	58-1521612
(State or Other	(Commission File	(IRS Employer
Jurisdiction of	Number)	Identification Number)
Incorporation)		

515 East Amite Street
Jackson, Mississippi 39201-2702
(Address of Principal Executive Office)

Registrant's telephone number, including area code: (601) 360-8600

Exhibit No. 99.3

Analysts' Presentation Given on November 10, 1997

Operating Cost Savings

<TABLE>
<CAPTION>

Anticipated Annual Savings (\$ in billions)				
	1999		2002	
	Previous	Revised	Previous	Revised
<S>	<C>	<C>	<C>	<C>
Core SG&A	\$1.0	\$1.0	\$1.3	\$1.3
MCI Local Savings	\$0.7	\$0.5	\$1.5	\$1.2
Domestic Line Costs	\$0.6	\$0.6	\$1.3	\$1.8
International Line Costs	\$0.1	\$0.4	\$0.3	\$1.3
Total	\$2.4	\$2.5	\$4.4	\$5.6

</TABLE>

Presentation contains forward-looking statements.
Actual results may vary.

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Financial Highlights

Capital Expenditure Savings

<TABLE>
<CAPTION>

Anticipated Annual Savings (\$ in billions)				
	1999		2002	
	Previous	Revised	Previous	Revised
<S>	<C>	<C>	<C>	<C>
L.D./Int'l/Internet	\$0.8	\$0.9	\$1.2	\$1.3
Local	\$0.7	\$0.7	\$0.3	\$0.3
IT	--	\$0.4	--	\$0.4
Total	\$1.5	\$2.0	\$1.5	\$2.0

/TABLE>

4 February 1998

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First Vice President
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Mark Kastan, CFA
Vice President
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WorldCom Inc.

Ind. Consolidation+Core Growth+Synergies **ACCUMULATE***
= Compelling GARP Stock

Reason for Report: Resuming Coverage

Long Term
BUY

Price: **\$35 3/4**

12 Month Price Objective: **\$45**

Estimates (Dec)	1996A	1997E	1998E
EPS:	\$1.02	\$0.38	\$0.85
P/E:	35.0x	94.1x	42.1x
EPS Change (YoY):		-62.7%	123.7%
Consensus EPS:		\$0.39	\$0.87
(First Call: 16-Jan-98)			
Q4 EPS (Dec):	NA	\$0.14	
Cash Flow/Share:	\$1.36	\$2.12	\$1.92
Price/Cash Flow:	25.3x	16.9x	18.6x
Dividend Rate:	Nil	Nil	Nil
Dividend Yield:	Nil	Nil	Nil

Opinion & Financial Data

Investment Opinion:	D-2-1-9
Mkt. Value / Shares Outstanding (bn):	\$35.8 / 1000
Book Value/Share (Dec-96):	\$13.70
Price/Book Ratio:	2.6x
ROE 1997E Average:	NA
LT Liability % of Capital:	25.5%
Est. 5 Year EPS Growth:	37.0%

Stock Data

52-Week Range:	\$39 7/8-\$21 1/4
Symbol / Exchange:	WCOM / OTC
Options:	Pacific
Institutional Ownership-Spectrum:	54.6%
Brokers Covering (First Call):	23

ML Industry Weightings & Ratings**

Strategy; Weighting Rel. to Mkt.:	
Income:	Overweight (07-Mar-95)
Growth:	Overweight (07-Mar-95)
Income & Growth:	Overweight (07-Mar-95)
Capital Appreciation:	In Line (25-Jul-95)

Market Analysis; Technical Rating: Above Average (24-Nov-97)

*Intermediate term opinion last changed on 01-Oct-97.

**The views expressed are those of the macro department and do not necessarily coincide with those of the Fundamental analyst.
For full investment opinion definitions, see footnotes.

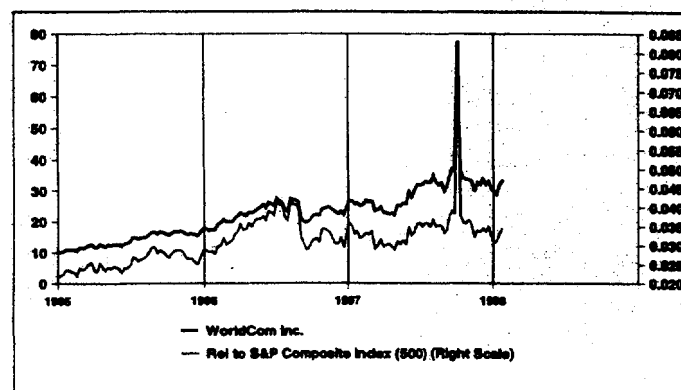
Investment Highlights:

- Resuming coverage of WCOM with an int. term Accumulate & LT Buy ratings (D-2-1-9).
- Stock selling at what we view as attractive multiples of '99E: 17.9x reported EPS, 12.9x pre-goodwill EPS, and 7.3x EBITDA. Relative to 25% est. 5 yr EPS growth (off '99), WCOM shares represent "growth at a reasonable price" (GARP) with a P/E relative to S&P 500 of 0.9x with 5 yr growth 4.2x that of S&P 500 (6% vs. 25% for WCOM).
- WCOM's investment case is strengthened by the MCI merger which adds 25% to pre-merger '99E EPS, due to hard synergies accounting for 1/2 of EPS growth, continuing growth of internet profits, inherent low exposure to RBOC entry & potential cash from asset sales.
- 12 month price objective of \$45 based on a 22.5x target multiple on our '99 EPS est. of \$2.

Fundamental Highlights:

- Brooks acq. on 1/29 marks end of phase 1 of WCOM's industry consolidation strategy while accelerating local network deployment 1-2 yrs.
- Merger with MCI (phase 2) remains on track for 3Q98 close. Hard (cost) synergy estimates of \$2.5B in '99 growing to over \$5B within 5 yrs. remain unchanged. Soft (revenue) synergies are upside to our estimates.

Stock Performance



*8 Key Reasons We See
WorldCom As A Key Large Cap
Stock Holding*

*#1. "Growth At a Reasonable
Price" Attractive Valuation
Relative To S&P 500 And Other
Long Distance Companies*

**Resuming Coverage Of WorldCom With A 2-1 Opinion; \$45 Price Objective
Over The Next 12 Months**

Our recommendation of WorldCom is based on 8 key reasons which we think uniquely positions the stock as a key large cap stock:

■ **"Growth At A Reasonable Price"**

WorldCom's current valuation stacks up quite attractively on a number of different metrics including P/E (both on a reported basis as well as cash earnings), P/E to growth, EBITDA and EBITDA to growth as detailed in table 6 below. In addition, WorldCom currently trades at a P/E discount to the S&P 500 (based on '99E), a valuation disparity that is especially striking when one considers the wide disparity — over four fold — in 5 year forecasted growth rates (6% for the S&P vs. 25% for WorldCom).

*#2. Merger With MCI Should
Yield 2 Key Benefits — Cost
Synergies & Reduced
Competition*

■ **MCI Merger Will Bring 2 Benefits: Significant Cost Savings & Reduced Intra-Industry Competition:**

A) **Potential Cost Savings:** We continue to estimate that \$2.5 billion in total cost synergies (see table 1 below) will be realized in the first full year ('99) following the merger with MCI, increasing to over \$5 billion annually by 2002. The bulk of these synergies are to be provided via network cost savings, overhead/SG&A savings as well as a significant cut back in the aggressive local market entry plans at MCIMetro which are now be redundant to existing and planned MFS and Brooks CLEC assets and activities. The net impact on '99 earnings is forecasted at a 25% accretion to EPS (\$2.00 vs. WorldCom "stand alone" forecast of \$1.60).

Table 1: Est. EBITDA Savings - MCI Merger Only

(\$ in millions)	1999E	2000E	2001E	2002E
Line Cost Savings				
MCI Local	500	725	975	1,200
Domestic LD	600	1,000	1,400	1,800
International	400	700	1,000	1,300
SG&A	<u>1,000</u>	<u>1,100</u>	<u>1,200</u>	<u>1,300</u>
Total EBITDA Synergies	2,500	3,525	4,575	5,600

Source: Merrill Lynch estimates

B) **Reduced Intra-Industry Competition:** Mergers with MCI and Brooks will reduce, on the margin, the level of intra-industry competition in both the US LD and local markets via the reduction in the number of major competitors. In the LD sector, we hope for a slightly more rational approach to residential marketing expenditures and pricing with a new focus on profitability, rather than a single minded pursuit of pure market share.

On the local side, completion of these two mergers would mean that MCI's Metro unit, Brooks and WorldCom's MFS unit would no longer compete with each other. We therefore expect that local pricing will feel slightly less pressure and that significant overlapping expenditures (both capital and marketing) will be eliminated.

■ **Wide Investor Appeal:**

WorldCom's addressable investor base was vastly expanded to once again include traditional growth investors, many of whom were unable to invest in WorldCom due to current P/Es in excess of 40x.

*#3. Wide Investor Appeal:
Attractive P/E Valuation Brings
In Traditional Growth
Investors*

Conceptual Overview Of The Internet

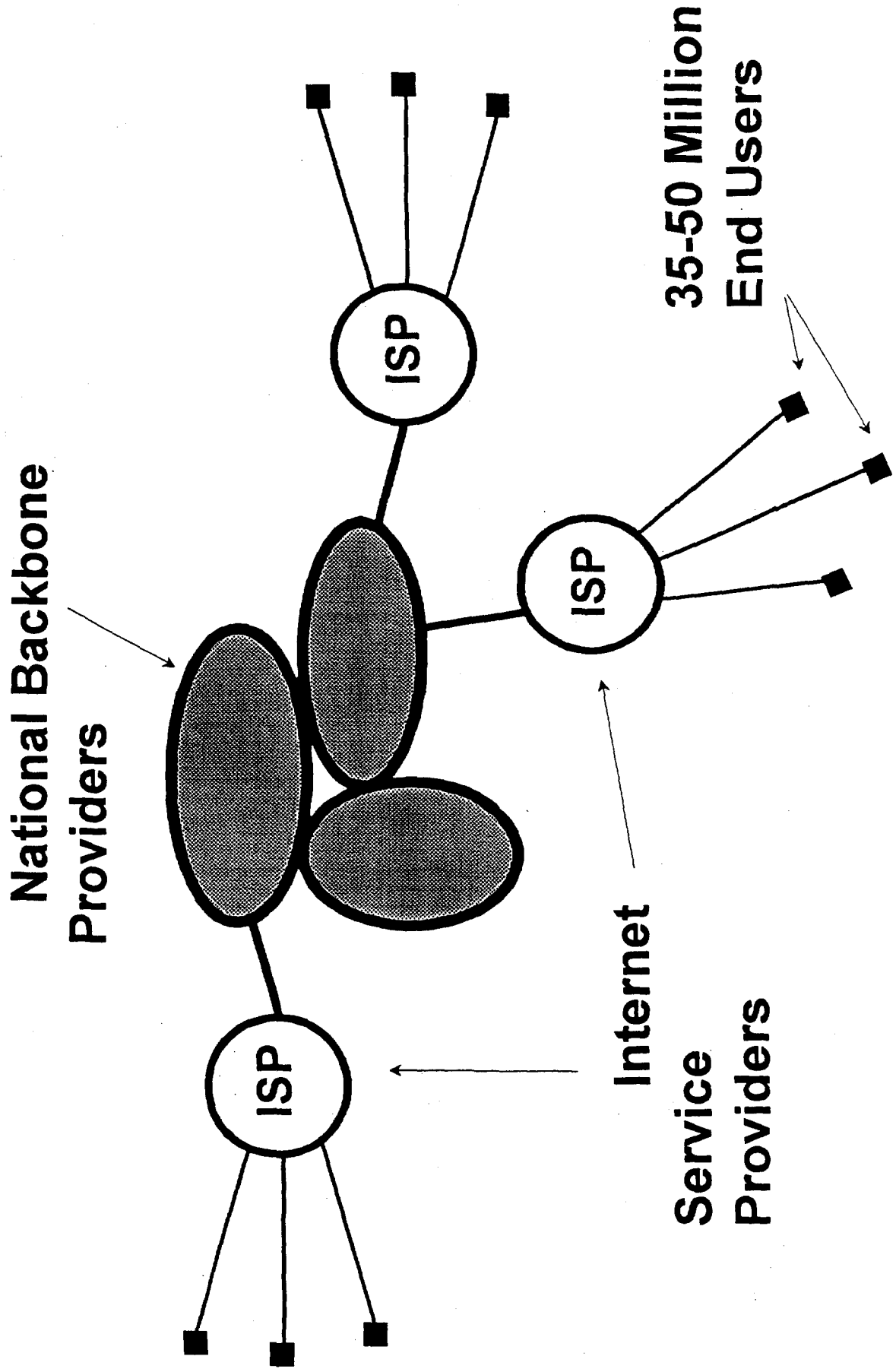


Table 1. Internet Backbone Providers			
Backbone	Connections	% of ISPs	% of total connections
MCI	1569	40.73%	35.22%
Sprint IP Svcs	1176	30.53%	26.30%
UUNET	811	21.05%	18.20%
AGIS	303	7.87%	6.80%
BBN	189	4.90%	4.24%
ANS	69	1.79%	1.55%
Digex	61	1.58%	1.37%
DataXchange	53	1.37%	1.19%
CWIX	45	1.17%	1.01%
Goodnet	45	1.17%	1.01%
PSI	31	.80%	.70%
NAPNet	23	.60%	.52%
GridNet	21	.55%	.47%
ATMnet	17	.44%	.38%
IBM	13	.34%	.29%
CAIS	10	.26%	.22%
NetCom	9	.23%	.20%
Savvis	5	.13%	.11%
CompuServe	5	.13%	.11%
<p>Source: <i>Boardwatch</i>, June 1997.</p> <p>Bold indicates that this Internet service provider would be owned by the merged MCI-WorldCom..</p> <p>% of ISPs = % of all ISPs interconnecting with this backbone provider;</p> <p>% of total connections = % of total ISP connections with this backbone provider.</p> <p>This table also includes Internet backbone providers which do not meet the definition of national backbone providers because they must purchase some Internet access from other providers.</p>			